

Appendix E

Appraisal Standards: Fee Simple

SPECIFICATIONS FOR FEE SIMPLE APPRAISALS OF LMF PROJECTS

General Requirements

The Land for Maine's Future Board requires that all appraisal reports adhere to the Uniform Standards of Professional Appraisal Practices (USPAP). For proposals using other sources of funding (e.g. federal), additional appraisal standards may be required.

The Appraisal Approach

The Direct Sales Comparison Approach should be utilized as the primary method in valuing the property. The Cost Approach and Income Approach should only be used as the primary method of valuation if they are applicable to a specific property. A discussion of why they are being utilized should be included. If any secondary approach to value is used, the results should be compared against the Direct Sales Comparison Approach. If values do not closely agree, the reason for the divergence should be explained fully.

Note: The Board requests that any direct sales comparison valuation be accomplished primarily through comparison with sales between private parties. Sales to nonprofit conservation organizations or to government conservation agencies should be limited to a supplementary role in the analysis. If any comparison sales are employed that involve governmental or non-profit "conservation" buyers, the use of the sale must conform to the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA – the so-called "Yellow Book").

Direct Sales Comparison Approach

- a) Comparable sales should be summarized (at least five comparables should be utilized).
- b) A comparable sales location map should be included.
- c) Sales should be presented in table or grid form, showing adjustment for times, size, location, appeal, soils, improvements (buildings, etc.) and circumstances of the transaction that may affect value (as applicable to type of subject).
- d) Each sale must be discussed in the narrative.

- e) Differences between the regulatory restrictions among comparables must be addressed.
- f) Appraisal practice generally recognizes the principal of a volume discount, i.e. larger parcels sell for less per acre (or front foot) than smaller parcels. Appraisers should strive to find comparables of similar size and when they are not available they should determine from paired analysis or other means an appropriate volume discount.
- g) Appraisers should be sure to pick comparables sales that are similar in size, quality potential and amenity value. In addition to making adjustments for the presence/absence of utilities, appraisals should address qualitative factors such as privacy, quiet, view and usability of water frontage.

Specifications

The following specifications pertain to all appraisals performed for the Land for Maine's Future projects except for conservation easement appraisals, which have separate specifications (see Appendix F). The specifications listed here are minimums; LMF staff may impose greater requirements for properties with unique or special features that present unusual appraisal difficulties.

Applicants must submit six copies of each appraisal.

Appraisal reports must be presented in narrative rather than in "form" style. At a minimum, appraisal reports should contain the following:

1. Title Page
 - a) land area of subject property
 - b) street and town location
 - c) name of property owner(s)
 - d) effective date of appraisal
 - e) name and address of appraiser
2. Letter of Transmittal
 - a) Standard transmittal letter with specification that landowner or designated represented has had the opportunity to participate in the field inspection of the property.
3. Table of Contents
4. Summary of Important Facts and Conclusions

5. Purpose of Appraisal and Definition of Market Value
6. Area and Neighborhood Analysis (avoid itemization of facts and figures not pertinent to value). Include:
 - a) Description of community (rural, suburb, resort, etc.)
 - b) Population trend
 - c) Reasons for trend, i.e, new industries, outward migration, etc.
 - d) Rate of construction activity in town
 - e) Utilities available in the area
 - f) Brief description of relevant municipal planning
 - g) Immediate neighborhood: enhancing or detrimental factors
7. Area Map
 - a) Must show roads leading to subject to facilitate inspection by LMF staff or Appraisal Review Committee member. Please delineate project boundaries on all maps.
8. Site Map
 - a) A photocopy of a survey map is best. In the absence of a survey, a tracing of the property boundaries from an orthophoto is preferred. Other types of maps provided by the landowner are less reliable but may be accepted if better maps are unavailable.
9. Land Description as Appropriate for Type of Subject Property
 - a) total land area and acreage being appraised
 - b) shape of parcel
 - c) total road frontage
 - d) land cover and topography, ie., wooded, wetlands, mountain summit, etc.
 - e) brooks, rivers, ponds, etc.
 - f) brief soil description and analysis based on USDA Soil Survey, if appropriate
 - g) utilities available to site (how far sewer/water lines)
 - h) is there a local septic ordinance?
 - i) easements and title encumbrances affecting the value
 - j) existing state or local permits?
 - k) gravel, loam, sand, etc. -- commercial value?
 - l) adjacent landowners
 - m) access
 - n) flood hazard
 - o) view/visibility
 - p) when timber is a significant component of the value of the land, appraisers are expected to offer an informed discussion of timber values.

10. Improvements
 - a) Describe those that are present, discuss condition, present use, and contribution to highest and best use.
11. Assessment
 - a) Current assessed valuation (state if property in Tree Growth/Open Space Program) tax rate, and annual tax bill.
12. Zoning
 - a) Describe zoning of subject property, including dimensional requirements of applicable zone.
13. Legal Description
 - a) Include deed copy in Addenda
 - b) Indicate registry and book and page
 - c) Note any deed restrictions or easements which would affect value
 - d) Note a five year history of conveyance of the property
14. Highest and Best Use
 - a) The report shall state the highest and best use that can be legally made of the property for which there is a current market.
15. Certificate of Valuation
16. Addenda
 - a) comparable sales maps
 - b) photographs of subject and comparable recent sales
 - c) applicable portion of zoning by-laws
 - d) wetlands or flood plain map (delineate boundaries within project boundaries)
 - e) Site plan sketch if income (Development Approach) is used
 - f) appraiser's qualifications
 - g) limiting conditions